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Treasury bills attract $114m in 16 days

Strong inflows attributed to stable exchange rate

By Shahid Iqbal

KARACHI: The new calendar year began with record foreign investment in domestic bonds, as inflows into treasury bills during the first 16 days of January crossed $114 million.

Latest data released by the State Bank of Pakistan showed the country received a record-high inflow in January, the largest monthly inflow recorded over the past six and a half months.

However, foreign direct investment (FDI) declined sharply during the first half of the current fiscal year (FY26), falling 43pc to $808m from $1.425bn in the same period last year.

Despite a booming equity market, foreign investors preferred T-bills, while the stock market continued to witness net foreign outflows during the six and a half months under review.

Data showed that during the first 16 days of January, inflows into T-bills amounted to $114.7m, while outflows stood at $18.5m. In contrast, the equity market saw inflows of just $17m against outflows of $61.5m during the same period.

During the first six and a half months of FY26, total inflows into T-bills reached $625m, while outflows amounted to $408m. Over the same period, equity market inflows stood at $164m, compared to outflows of $459m.

Financial experts attributed the strong inflows largely to a stable exchange rate, which boosted investor confidence in repatriating profits and capital amid expectations of limited movement in the dollar rate.

The highest inflow during the first 16 days of January came from Bahrain at $48m, followed by Singapore with $28m, the UAE with $15m and the UK with $13m.

Compared to the buoyant stock market, inflows into T-bills remained significantly higher despite a decline in T-bill rates during the last two auctions held this month.

The State Bank slashed T-bill rates by up to 31 basis points in the auction held on Jan 21. Yields on one-month papers were cut by 31bps to 9.8pc, three-month papers by 26bps to 9.89pc, six-month papers by 22bps to 9.94pc, and 12-month papers by 16bps to 10pc.

In the previous auction held on Jan 8, cut-off yields were reduced by 29bps, 34bps, 32bps and 33bps for one-month, three-month, six-month and 12-month papers, respectively.

As a result, T-bill rates are now largely in single digits, except for the 12-month paper, which carries a yield of 10pc.

Some experts partly attributed the high inflows to perceived macroeconomic stability. Faisal Mamsa, CEO of Tresmark, said Pakistan appeared stable on the surface, with inflation declining, foreign exchange reserves improving, a steady exchange rate and the KSE-100 index nearing 190,000 points.

However, he noted that economic growth remained the weak link, with the cost of doing business around 34pc higher than regional peers and exports remaining stagnant.

"Pakistan's economic indicators in 2025 reflected a broad-based recovery, supported by easing inflation, improving macroeconomic stability, and a strong rebound in domestic demand," said a research report by Topline Securities.

On the macroeconomic front, inflation fell sharply to an average of 3.5pc, enabling monetary easing. The report cited declining six-month T-bill yields, record expected remittances of $40bn, improving foreign exchange reserves and 10pc growth in large-scale manufacturing as factors underpinning economic resilience.

'Safe-haven' demand pushes gold, silver prices up

By Our Staff Reporter

KARACHI: A jump of $65 per ounce to $4,988 has pushed domestic 10-gram and one-tola gold (24kt) rates to new all-time highs of Rs446,812 and Rs524,162, respectively, reflecting an increase of Rs5,573 and Rs6,600 from Friday's rates.

Rates issued by the All Pakistan Sarafa Gems and Jewellers Association (APSGJA), based on interbank exchange rates, quoted the one-tola silver (24kt) rate at Rs10,801, up Rs526, while the 10-gram rate rose Rs451 to Rs9,260. This follows an increase in the world silver price by $5.26 per ounce to $103.26.

Gold and silver continue to attract global investors, including in Pakistan, as safe-haven assets amid ongoing geopolitical tensions and expectations of further US interest rate cuts. Previously, the Ukraine-Russia war, the Gaza-Israel conflict, and US-imposed tariffs under President Donald Trump had driven gold prices to record highs.

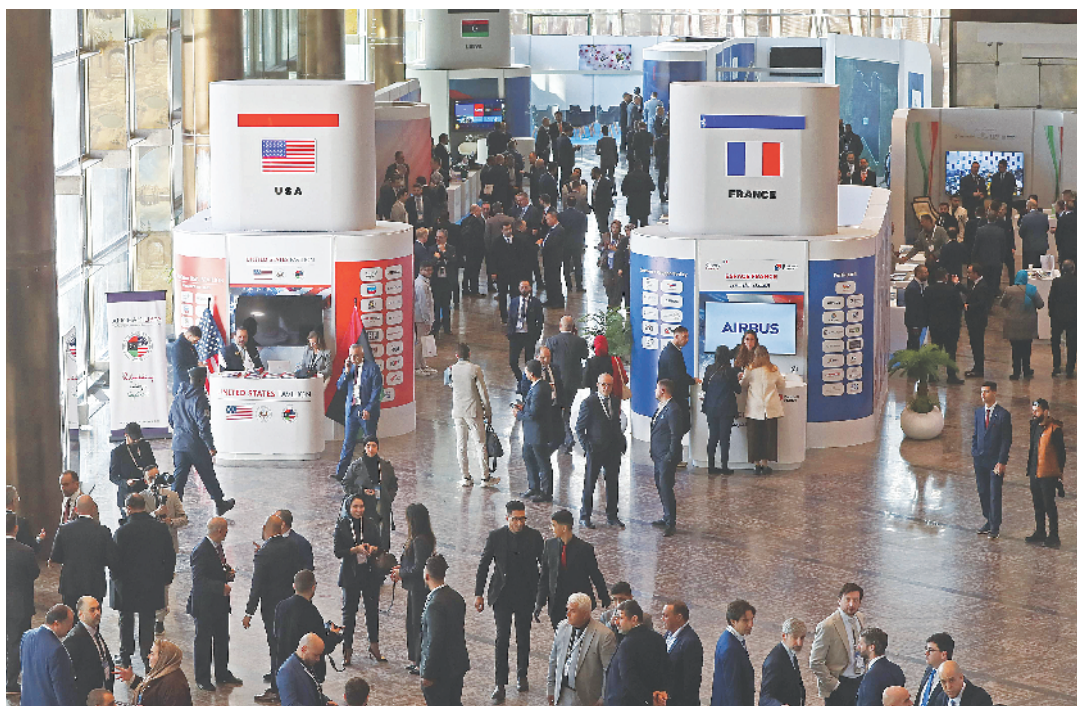
APSGJA President Qasim Shikarpuri said the recent rise in gold prices was also influenced by Trump's statements on imposing higher tariffs on European countries that opposed his demand to take control of Greenland, followed by retaliatory measures from those countries.

"Any settlement between European countries and the US on tariff issues may trigger a downward correction in world gold prices," he said.

Mr Shikarpuri claimed that gold in the domestic market is being sold under cost at Rs517,000-518,000 per tola, compared to Rs524,162 announced by the association. Domestic rates are also lower by Rs25,000 per tola compared to Dubai prices.

"A sort of profit-selling is taking place, as some investors who purchased gold at Rs450,000-455,000 per tola are now selling the metal," he said, adding that some investors are making fresh purchases in anticipation of further increases in world gold prices.

Mr Shikarpuri said the gold market appeared deserted as genuine jewellery buyers have been absent due to the meteoric rise in prices and affordability issues amid the rising cost of living. Currently, only investors are actively buying and selling gold in the market.



DELEGATES and visitors gather at the pavilions of the US, France and Libya on the inaugural day of the energy and economic summit at the Tripoli International Conference Centre on Saturday.—AFP

Firm gets nod to use NTDC network for renewable project

By Tahir Siddiqui

KARACHI: Moro Power Company (MPC) has secured approval from federal authorities to use the National Transmission and Dispatch Company's (NTDC) infrastructure for its 100-megawatt hybrid wind and solar project, marking Sindh's first business-to-business (B2B) renewable energy venture.

The project, which falls under the Sindh Electric Power Regulatory Authority, will allow MPC to supply electricity directly to industries in Nooriabad through the Sindh Transmission and Despatch Company.

Speaking to *Dawn*, MPC Chief Executive Officer Mustafa Abdullah said the Independent System and Market Operator (ISMO), an autonomous entity under the Power Division of the energy ministry, had earlier this month permitted the company to utilise NTDC's transmission infrastructure to supply renewable electricity to eligible clients.

"We are allowed to supply electricity to industrial consumers and B2B buyers located anywhere in Pakistan," he added.

Mr Abdullah said the project was a pioneering initiative under the Competitive Trading Bilateral Contract Market B2B framework, using the national transmission network to directly supply clean, competitively priced electricity to large industrial consumers.

"The project is positioned to serve key industries, including Naveena Steel, Popular Septic and Suraj Textiles, in the Nooriabad Industrial Estate, as well as other industrial units in Port Qasim," he added.

The Sindh government has allotted 300 acres of land in Jhimpir to MPC for establishing the 100MW hybrid wind and solar project, the first B2B electricity venture under the province's own regulator. According to MPC, the project will comprise 65MW of wind turbines and 35MW of solar panels.

The Jhimpir wind corridor has already attracted 36 power producers with a combined installed capacity of 1,845MW.

Maritime sector posts record Rs100bn profit in 2025

By Kalbe Ali

ISLAMABAD: The maritime sector posted a record Rs100 billion profit in 2025, mainly due to reforms in port efficiency, cost reduction and the clearing of long-delayed policies.

In its annual performance report, the Ministry of Maritime Affairs highlighted that these reforms ranged from modernising ports, shipping and fisheries sectors to unlocking the full potential of the blue economy.

Karachi Port handled a record 54 million tonnes of cargo, while average vessel dwell time was reduced by 24 to 36 hours through closer coordination among port authorities, customs and other agencies, achieving an average turnaround of five days in line with regional benchmarks.

Cost-cutting measures delivered substantial savings. Reduced overtime at the Karachi Port Trust (KPT) saved about Rs70 million per month, while the abolition of 2,152 redundant posts across maritime entities lowered human resource costs by billions of rupees.

The first bunkering facilities were also established at Karachi Port and Port Qasim, expected to save foreign exchange and attract transshipment traffic. The KPT and Port Qasim Authority reclaimed around 150 acres of encroached land, valued at roughly Rs110 billion.

Minister for Maritime Affairs Junaid Anwar Chaudhry said a central element of the overhaul was the finalisation of the National Maritime Policy, which brings shipping, ports, fisheries and maritime security under a single framework to guide sustainable growth.

"The government also approved a National Shipping Policy aimed at expanding the Pakistan-flagged fleet to reduce reliance on foreign carriers, a longstanding drain on foreign exchange," he added. He said stakeholder consultations had been completed on the National Fisheries and Aquaculture Policy, which targets annual seafood exports of $2 billion and the creation of around two million jobs across coastal communities and allied industries.

At the deep-sea port of Gwadar, 72 acres of free-zone land were handed over to operators, while bids were invited for an off-dock terminal on 100 acres to attract transit trade from Central Asia and beyond.

Trade gap with nine neighbours widens 44.4pc in first half

By Mubarak Zeb Khan

ISLAMABAD: Pakistan's trade deficit with nine neighbouring countries widened by 44.42 per cent to $7.683 billion in the first half of FY26 compared to $5.320bn during the same period last year.

The soaring deficit was mainly due to a decline in Pakistan's overall exports to regional countries, led by a drop in shipments to China, followed by Afghanistan and Bangladesh. Pakistan has suspended all kinds of trade, including exports, with Afghanistan since Oct 10, 2025.

In percentage terms, exports to India increased marginally, but in value terms, it is negligible. The shipments to Bangladesh and Sri Lanka registered negative growth during the period under review, according to the latest data compiled by the State Bank.

In FY25, the trade deficit with these nine neighbouring countries widened by 29.42pc to $12.297bn, up from $9.502bn in the preceding year.

The value of exports to Afghanistan, China, Bangladesh, Sri Lanka, India, Iran, Nepal, Bhutan and the Maldives dipped 18.56pc to $1.965bn in July-December FY26 from $2.413bn over the same period last year. Contrary to this, imports surged 24.76pc to $9.648bn in 6MFY26 from $7.733bn over the same period last year. Imports surged 20.66pc to $16.698bn in FY25 from $13.838bn over the preceding year.

Imports from China grew by 25.61pc to $9.472bn in 6MFY26 from $7.541bn over the same period last year. The bulk of imports in the region is sourced from China, followed partially by India and Bangladesh.

Exports to China fell by 5.59pc to $1.216bn in 6MFY26 from $1.288bn over the same period last year. Imports from India dipped by 12.73pc to $97.734m in 6MFY26 from $111.991m over the last year. In FY25, imports from India increased to $220.58m from $206.89m over the last year. Meanwhile, exports to India remained at $2.926m in 6MFY26, up from $0.399m over the last year.

Exports to Afghanistan dipped 56.61pc to $219.489m in 6MFY26 from $505.818m last year. Imports stood at $6.321m in 6MFY26 against $9.994m in FY25, a drop of 36.75pc.

Exports to Bangladesh declined by 7.54pc to $358.499m in 6MFY26 from $387.772m over the last year. In FY25, exports to Bangladesh increased by 19.08pc to $787.35m from $661.19m. Imports grew 7.41pc to $36.882m in 6MFY26 from $39.832m over the last year. Exports to Sri Lanka dipped by 27.13pc to $163.173m in 6MFY26 from $223.912m over the last year. Imports, however, rose 12.71pc to $33.414m in 6MFY26 from $29.647m over the last year.

Turkish visa centre proposed in Gujrat

By Waseem Ashraf Butt

GUJRAT: The Gujrat Chamber of Commerce and Industry (GtCCI) has called for the opening of an Anatolia visa application office in Gujrat and the launch of Turkish Airlines flights from Sialkot International Airport, aiming to benefit the local business community and foster stronger bilateral trade relations.

GtCCI President Ahmed Hassan Mattu presented these proposals during a meeting with Consul General of the Republic of Turkiye Mehmet Eymen Simsek and other Turkish diplomats. He also advocated for a direct Turkish Airlines flight from Sialkot, serving travellers from Gujrat, Gujranwala and Sialkot, as well as surrounding districts.

Regarding the proposal for a visa office, Mr Simsek noted that setting up such a facility entails high costs, including networking, security, staffing and other operational expenses. About Turkish Airlines, Mr Simsek said the number of flights from Lahore had recently increased from 11 to 14 per week, expressing optimism that services from Sialkot may be introduced soon, depending on feasibility.

QR codes made mandatory for retail outlets

ISLAMABAD: Minister of State for Finance Bilal Azhar Kiani has said that QR codes have been made mandatory for retail outlets in Islamabad and across the provinces.

"The government is promoting a cashless economy, and executive orders have made QR codes mandatory in Islamabad and provincial regions, requiring every retail outlet to provide at least one digital payment option," the state minister said on Saturday.

He was speaking at a policy discussion organised by the Institute for Public Opinion Research (IPOR) to present findings from its nationwide study titled Track and Trace Compliance in the Tobacco Industry-Volume II.

The minister added that all retailers and merchants have been instructed to adopt digital payment methods. He said federal and provincial authorities were working on legislation to support the initiative, which aims to formalise the economy and strengthen the "Cashless Pakistan" programme.

The study revealed significant regulatory gaps in compliance with the Federal Board of Revenue's Track and Trace System (TTS).

Speaking about the IPOR study, Mr Kiani emphasised the government's commitment to enforcing the TTS in the tobacco sector during the seminar. "The government will intensify crackdown on illegal cigarette brands and focus on enforcing regulations in the tobacco retail market," he added.

The minister clarified that action would not be taken against retailers selling legal brands, but non-compliant brands would be brought within the legal framework, and monitoring and enforcement in the sector would be enhanced.

He said retail outlets fall under the jurisdiction of provincial governments, which have the authority to take action against sellers of illegal cigarettes. "Warehouses and transportation channels in the tobacco sector are also being monitored, and strengthening enforcement is expected to improve compliance with laws and increase revenue," he said.—Kalbe Ali

PSX sees third bullish week despite external headwinds

Benchmark index hit record peak above 189,000 as falling T-bill yields and investor optimism outweighs current account deficit and FDI outflows

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) extended its rally for a third consecutive week of the current month, closing at a fresh all-time high amid strong investor optimism over an expected cut in the policy rate, despite weaker external account indicators and a sharp fall in foreign investment.

The benchmark KSE-100 index ended the week at 189,167 points, up 4,068 points or 2.2 per cent on a week-on-week basis. Market participants largely looked past the emergence of a current account deficit and net foreign direct investment (FDI) outflows, focusing instead on falling interest rate expectations, easing geopolitical tensions and abundant liquidity.

According to Topline Securities Ltd, the rally was primarily driven by expectations of a rate cut at the Monetary Policy Committee meeting scheduled for Monday. Sentiment was further buoyed by a continued decline in yields at the treasury bill auction during the week.

Key macroeconomic developments, however, presented a mixed picture. Pakistan posted a current account deficit of $244 million in December 2025, reversing a revised surplus of $98m in November. On a cumulative basis, the balance of payments for the first half of FY26 swung to a deficit of $1.17bn, compared to a surplus of $957m in the same period last year.

Foreign investment data was also discouraging, with FDI recording a net outflow of $135m in December, against a net inflow of $180m a month earlier. For 1HFY26, FDI inflows declined 43pc year-on-year to $808m from $1.43bn. China, Hong Kong and the UAE accounted for around 86pc of total inflows during the period.

During the week, Fitch Ratings affirmed Pakistan's long-term foreign currency issuer default rating at 'B-' and assigned a 'RR4' recovery rating, removing the earlier "under criteria observation" status.

Average daily trading volumes stood at 1.14 billion shares, while average daily traded value was recorded at Rs61bn, reflecting sustained market participation.

Arif Habib Ltd noted that investor confidence was supported by easing geopolitical risks, fresh liquidity and expectations of monetary easing. Treasury bill yields touched multi-year lows, with three- and six-month papers falling into single digits and the 12-month yield hovering just above 10pc, amid slowing inflation and a dovish policy outlook.

On the real economy front, power generation rose 8.8pc year-on-year to 8,487 gigawatt-hours in December, the second-highest monthly output on record. Generation during 1HFY26 increased marginally by 1.1pc year-on-year to 67,356GWh. Meanwhile, the real effective exchange rate declined 0.98pc month-on-month to 103.73 in December.

The State Bank of Pakistan's foreign exchange reserves increased by $15.9m during the week to $16.1bn as of January 16. The rupee appreciated slightly, gaining 0.03pc against the US dollar to close at Rs279.86.

The primary market also witnessed activity, with Pak-Qatar General Takaful Limited launching the first initial public offering of 2026. The issue was oversubscribed by 21 times, reflecting strong investor appetite.

AKD Securities Ltd highlighted that market momentum was reinforced by a sharp decline in T-bill yields — the first return to single-digit levels in four years — and positive diplomatic engagements with China, the US, the UK and Saudi Arabia, aimed at strengthening economic cooperation. The brokerage also noted that IT exports reached a record $437m in December, up 26pc year-on-year.

Sector-wise, refineries, fertilisers, leather and tanneries, insurance and property stocks outperformed the broader market, gaining between 5pc and 10pc over the week. Conversely, transport, jute, woollen, technology and communication, and engineering sectors lagged behind.

Flow-wise, mutual funds and individual investors were net buyers worth $22.1m and $11.5m, respectively. Foreign investors and companies emerged as net sellers, offloading shares worth $21.1m and $10.4m.

Looking ahead, analysts expect the index to maintain a positive trajectory, supported by a likely 50-100 basis points rate cut and ongoing corporate result announcements. The market is currently trading at a price-to-earnings ratio of 9.4 times, offering an estimated dividend yield of 5.3pc. AKD Securities forecasts the index to reach 263,800 points by December 2026, citing monetary easing, reform momentum and improving investor sentiment as key drivers.